

294 - PROPERTY AND CASUALTY RISK INTERNAL SERVICE FUND

Operational Summary

Description:

The Property & Casualty Risk Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

At a Glance:

| | |
|--|------------|
| Total FY 2005-2006 Actual Expenditure + Encumbrance: | 27,315,311 |
| Total Final FY 2006-2007 | 35,596,516 |
| Percent of County General Fund: | N/A |
| Total Employees: | 12.00 |

Strategic Goals:

- It is the goal of the Property & Casualty Risk Internal Service Fund to reduce costs associated with property damage, personal injury, and litigation. This goal is achieved by acquiring commercial insurance, effective liability claims management, prudent administration of the self-insured Liability Program, and providing risk assessment and risk avoidance consultation services to all County departments.

Key Outcome Indicators:

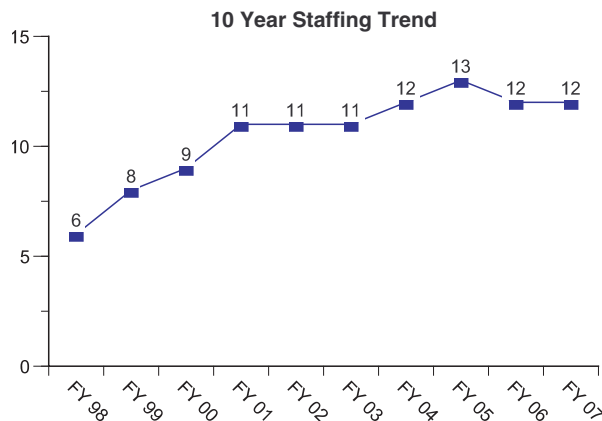
| Performance Measure | 2005 Business Plan Results | 2006 Business Plan Target | How are we doing? |
|---|---|---|--|
| RELATIVE COST OF LIABILITY CLAIMS AND INSURANCE PROGRAM. What: Shows the total expenditures of this program as a percent of total county expenditures. Why: Provides a constant measure of costs for all County departments. | Cost of Liability Claims and Insurance Program was .55% of total county expenditures. | Remain under 1% of total county expenditures. | Liability Claims and Insurance Program costs for FY 2004-2005 were .55% of total county expenditures, far less than the benchmark. |

FY 2005-06 Key Project Accomplishments:

- Successfully placed all required commercial insurance for diverse and complex county needs.
- Increased insurance consultations and support in contract protections, insurance requirements, and program design to reduce risk of loss and cost.

Property & Casualty Risk ISF - The Property & Casualty Risk ISF administers and manages the County's Liability Claims Management Program, the Insurance and Financial Management Program, and the Americans with Disabilities Act (ADA II) Compliance Program.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- In FY 2004-2005 a position was transferred to Resources and Development Management Department to support their insurance review process. Previous years staff increases were due to increased insurance consultations and support, increased fiscal analysis and reporting, shortened time frames for claim management and increased responsibilities of the program.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and Strategic Financial Plan.

Final Budget History:

| Sources and Uses | FY 2004-2005 Actual Exp/Rev | FY 2005-2006 | FY 2005-2006 | FY 2006-2007 Final Budget | Change from FY 2005-2006 | |
|--------------------|--------------------------------|-------------------------|--|------------------------------|--------------------------|---------|
| | | Budget As of 6/30/06 | Actual Exp/Rev ⁽¹⁾ As of 6/30/06 | | Actual Amount | Percent |
| Total Positions | 12 | 12 | 12 | 12 | 0 | 0.00 |
| Total Revenues | 32,425,563 | 30,259,940 | 34,307,628 | 35,596,516 | 1,308,048 | 3.81 |
| Total Requirements | 22,663,690 | 30,261,030 | 27,295,641 | 35,596,516 | 8,300,875 | 30.41 |
| Balance | 9,761,873 | (1,090) | 7,011,987 | 0 | (6,992,827) | -100.00 |

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Property and Casualty Risk Internal Service Fund in the Appendix on page A221

Highlights of Key Trends:

- The budgeted appropriations reflected above included unrestricted net assets.
- Complexity and diversity of liability claims continues to increase.
- Commercial property insurance costs are increasing due to hurricane damages such as the devastating effects of Hurricane Katrina.

294 - Property and Casualty Risk Internal Service Fund

Operation of Internal Service Fund 294 Operational Statement for the Fiscal Year 2006-2007

| Operating Detail | | FY 2004-2005 | FY 2005-2006 | FY 2006-2007 | FY 2006-2007 |
|--------------------------------------|--|--------------|--------------|-----------------|--------------|
| | | Actual | Actual | Proposed Budget | Final Budget |
| (1) | | (2) | (3) | (4) | (5) |
| OPERATING INCOME | | | | | |
| 7590 | Other Charges for Services | 0 | 57,167 | 141,345 | 141,345 |
| 7710 | Insurance Premiums | 16,123,553 | 22,230,338 | 23,829,555 | 23,829,555 |
| Total Operating Income | | 16,123,553 | 22,287,505 | 23,970,900 | 23,970,900 |
| OPERATING EXPENSES | | | | | |
| Salaries & Benefits | | | | | |
| 0100 | Salaries and Wages | 34,331 | 12,515 | 0 | 0 |
| 0101 | Regular Salaries | 709,620 | 688,037 | 724,922 | 724,922 |
| 0102 | Extra Help | 81 | 18,489 | 19,937 | 19,937 |
| 0103 | Overtime | 3,200 | 3,942 | 5,000 | 5,000 |
| 0104 | Annual Leave Payoffs | 4,576 | 30,462 | 76,314 | 76,314 |
| 0110 | Performance Incentive Pay | 149 | 1 | 6,567 | 6,567 |
| 0200 | Retirement | 109,243 | 116,360 | 179,311 | 179,311 |
| 0301 | Unemployment Insurance | (779) | 1,115 | 846 | 846 |
| 0305 | Salary Continuance Insurance | 1,842 | 1,962 | 1,946 | 1,946 |
| 0306 | Health Insurance | 81,468 | 74,477 | 82,584 | 82,584 |
| 0308 | Dental Insurance | 3,391 | 3,672 | 3,648 | 3,648 |
| 0309 | Life Insurance | 768 | 790 | 768 | 768 |
| 0310 | Accidental Death and Dismemberment Insurance | 136 | 144 | 144 | 144 |
| 0319 | Other Insurance | 4,973 | 4,685 | 4,992 | 4,992 |
| 0352 | Workers Compensation - General | 11,088 | 12,348 | 6,027 | 6,027 |
| 0401 | Medicare | 6,681 | 6,679 | 6,925 | 6,925 |
| Total Salaries & Benefits | | 970,767 | 975,678 | 1,119,931 | 1,119,931 |
| Services & Supplies | | | | | |
| 0700 | Communications | 473 | 0 | 15,000 | 15,000 |
| 0701 | Telephone/Telegraph - Interfund Transfer | 10,497 | 11,696 | 0 | 0 |
| 1000 | Household Expense | 11,828 | 17,153 | 22,104 | 22,104 |
| 1001 | Household Expense - Trash | 303 | 436 | 1,000 | 1,000 |
| 1100 | Insurance | 8,894,939 | 10,808,156 | 11,649,974 | 11,649,974 |
| 1300 | Maintenance - Equipment | 873 | 0 | 1,000 | 1,000 |
| 1400 | Maintenance - Buildings and Improvements | 10,013 | 16,561 | 30,000 | 30,000 |
| 1402 | Minor Alterations and Improvements | 11,495 | 11,820 | 0 | 0 |
| 1600 | Memberships | 955 | 1,095 | 1,000 | 1,000 |

Operation of Internal Service Fund 294 Operational Statement for the Fiscal Year 2006-2007

| Operating Detail | | FY 2004-2005 | FY 2005-2006 | FY 2006-2007 | FY 2006-2007 |
|-------------------------------|--|--------------|--------------|-----------------|--------------|
| | | Actual | Actual | Proposed Budget | Final Budget |
| (1) | (2) | (3) | (4) | (5) | |
| 1800 | Office Expense | 16,296 | 15,461 | 20,000 | 20,000 |
| 1801 | Duplicating Services (RDMD/Reprographics) | 662 | 594 | 2,500 | 2,500 |
| 1802 | Periodicals and Journals | 830 | 1,407 | 1,000 | 1,000 |
| 1803 | Postage | 1,812 | 2,100 | 2,100 | 2,100 |
| 1809 | Minor Office Equipment to be Controlled | 467 | 732 | 15,000 | 15,000 |
| 1900 | Professional and Specialized Services | 110,162 | 120,861 | 195,315 | 195,315 |
| 1901 | Data Processing Services | 1,019 | 264 | 0 | 0 |
| 1911 | CWCAP Charges | 103,838 | 203,968 | 200,000 | 200,000 |
| 2100 | Rents and Leases - Equipment | 12,201 | 13,721 | 15,000 | 15,000 |
| 2200 | Rents and Leases - Buildings and Improvements | 2,880 | 2,880 | 3,000 | 3,000 |
| 2400 | Special Departmental Expense | 4,087 | 0 | 10,000 | 10,000 |
| 2405 | Optional Benefit Plan | 11,000 | 12,000 | 12,000 | 12,000 |
| 2600 | Transportation and Travel - General | 0 | 0 | 500 | 500 |
| 2601 | Private Auto Mileage | 6 | 0 | 0 | 0 |
| 2700 | Transportation and Travel - Meetings/ Conferences | 3,225 | 1,718 | 5,000 | 5,000 |
| 2800 | Utilities | 4,176 | 5,474 | 10,000 | 10,000 |
| 2801 | Utilities - Purchased Electricity | 4,675 | 7,312 | 12,000 | 12,000 |
| 2802 | Utilities - Purchased Gas | 4 | 6 | 50 | 50 |
| 2803 | Utilities - Purchased Water | 161 | 289 | 300 | 300 |
| 2890 | Intra-Agency Services & Supplies Billing Offsets | (3,524) | (3,961) | (5,555) | (5,555) |
| Total Services & Supplies | | 9,215,352 | 11,251,743 | 12,218,288 | 12,218,288 |
| Other Charges | | | | | |
| 3500 | Judgments and Damages* | 12,453,622 | 15,046,765 | 21,977,753 | 21,977,753 |
| Total Other Charges | | 12,453,622 | 15,046,765 | 21,977,753 | 21,977,753 |
| Fixed Assets | | | | | |
| 4000 | Equipment | 0 | 0 | 200,000 | 200,000 |
| Total Fixed Assets | | 0 | 0 | 200,000 | 200,000 |
| Miscellaneous | | | | | |
| 5300 | Depreciation | 1,089 | 1,089 | 544 | 544 |
| Total Miscellaneous | | 1,089 | 1,089 | 544 | 544 |
| Total Operating Expenses | | 22,640,830 | 27,275,275 | 35,516,516 | 35,516,516 |
| Net Operating Income (Loss)** | | (6,517,277) | (4,987,770) | (11,545,616) | (11,545,616) |

Operation of Internal Service Fund 294

Operational Statement for the Fiscal Year 2006-2007

| Operating Detail | | FY 2004-2005 | FY 2005-2006 | FY 2006-2007 | FY 2006-2007 |
|--|--|--------------|--------------|-----------------|--------------|
| (1) | | Actual | Actual | Proposed Budget | Final Budget |
| (2) | | (3) | (4) | (5) | |
| NON-OPERATING REVENUE | | | | | |
| 6610 | Interest | 566,783 | 925,512 | 936,000 | 936,000 |
| 7670 | Miscellaneous Revenue | 223,666 | 1,308,138 | 200,000 | 200,000 |
| 7680 | Six-Month Expired (Outlawed) Checks | 1,944 | 4,301 | 0 | 0 |
| 7690 | Returned Check Charges | 0 | 50 | 0 | 0 |
| Total Non-Operating Revenue | | 792,393 | 2,238,001 | 1,136,000 | 1,136,000 |
| NON-OPERATING EXPENSES | | | | | |
| 1912 | Investment Administrative Fees | 22,861 | 20,365 | 50,000 | 50,000 |
| Total Non-Operating Expenses | | 22,861 | 20,365 | 50,000 | 50,000 |
| Net Non-Operating Income (Loss) | | 769,532 | 2,217,636 | 1,086,000 | 1,086,000 |
| Income (Loss) Before Contributions & Transfers*** | | (5,747,745) | (2,770,135) | (10,459,616) | (10,459,616) |
| FIXED ASSET EXPENDITURES | | | | | |
| 4000 | Equipment | 0 | 0 | 200,000 | 200,000 |
| Total Fixed Asset Expenditures | | 0 | 0 | 200,000 | 200,000 |
| STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED | | | | | |
| Income (Loss) Before Contributions & Transfers | | (5,747,745) | (2,770,135) | (10,459,616) | (10,459,616) |
| 4801 | Interfund Transfers Out - to Funds 101-199 | 0 | 0 | (30,000) | (30,000) |
| Changes to Reserves - Encumbrance - (Inc)/Dec. | | 2,298 | (19,158) | 0 | 0 |
| Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec. | | 1,089 | 1,089 | 544 | 544 |
| Increase (Decrease) in Net Assets - Unrestricted | | (5,744,358) | (2,788,204) | (10,489,072) | (10,489,072) |
| Net Assets - Unrestricted - Beginning of Year | | 15,506,233 | 9,761,875 | 10,489,072 | 10,489,072 |
| Net Assets - Unrestricted - End of Year | | 9,761,875 | 6,973,671 | 0 | 0 |

*Note - The County has adopted a policy of including in the fiscal year-end expense accruals an amount equal to claims "incurred but not reported" (IBNR) as well as reported claims.

**Note - Net Operating Loss is overstated in the 2006-07 Proposed and Approved Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.

***Note - Loss Before Contributions and Transfers is overstated in the 2006-07 Proposed and Approved Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.